

Action arising from Matter 3 – providing detailed calculations for industrial jobs growth, floor space requirements and supply capacity

This note aims to provide further clarifications in relation to the Council's response to question 3.1 on what is the requirement for industrial land across the plan period (i.e. 2021 to 2038).

Para 3.1.3. in the Council's response states:

This approach is in general conformity with the London Plan as set out in the Confirmation of General Conformity with the London Plan (PD8). The London Plan (ED6) calculates industrial capacity in floorspace, not in land area. The Industrial land intensification study (ILIS) (SD12) concludes (page 88) that viable, industrial net floor space capacity across the borough is 291,134m². Applying the draft local plan release of designated industrial land (calculated on page 89 of the ILIS) and removing the intensification potential of industrial land proposed for release (identified in the table on page 88 of the ILIS) reduces the overall floorspace capacity of designated industrial land to 261,432m². Evidence from the ELR technical briefing paper (SD10) demonstrates in Table 4 on page 4 that 147,210m² is required for the identified growth in jobs over the plan period that need to be located on designated industrial land (B2 and B8 use classes), which is 56% of the potential, viable floorspace capacity. Therefore, no additional land is needed to be allocated for industrial uses.

The minimum requirement for 147,210m² of employment floor space, based on the forecast industrial jobs growth in the plan is what has been included in the Council's response to question 3.1 of Matter 3 as this is the minimum amount needed to be policy compliant. However, two other scenarios have been tested – a maximum requirement for 195,360m² of employment floor space and a medium requirement for 171,285m² of employment floor space, based on the inclusion of jobs from light industrial uses (Eg(iii) Class). In addition, three density assumptions, based on site intensification, current development, and the existing density of sites have been tested.

These employment calculations are explained in detail below.

Forecast jobs growth across the plan period (labour demand scenario)

The figures for jobs growth and industrial demand are from Table 3 of SD10 ELR Technical Briefing Paper

Local Plan jobs growth (Policy SP3 Part 1) +10,800

These are the net additional jobs across all employment sectors forecasted to 2038 according to GLA Economics (2017 release). In particular, Bexley had a total of 84,000 jobs in 2021 and these are forecast to increase to 94,800 jobs in 2038.

Total office, industrial and distribution jobs +4,351

Of the above total gain of 10,800 jobs over the plan period to 2038, around 40% - i.e. 4,351 additional jobs - are expected to be in:

- office (+1,634 jobs within E(g)(i)/(ii) Use Class);
- light industrial (+843 jobs within E(g)(iii) Use Class);
- industrial (+726 jobs within B2 Use Class); and
- distribution-based sectors (+1,149 jobs within B8 Use Class)

In absolute terms, by the end of the plan period, jobs in office, industrial and distribution uses are expected to increase from 33,849 jobs in 2021 to 38,200 in 2038.

Calculating forecast industrial type jobs growth (minimum, maximum and minimum scenarios, based on industrial Use Classes, tested)

Job sectors that are best located on designated industrial land will create an associated demand for industrial floor space. The 1,634 office jobs (E(g)(i)/(ii)) have been excluded, as they should be in town centres and other sustainable locations, not on designated industrial land.

Minimum industrial demand scenario **+1,875 jobs in B2 and B8 Use Class sectors**

As explained above, the total jobs associated to general industrial and distribution based sectors (i.e. B2 and B8 Class uses) will increase by 1,875 jobs (726+1,149). This job increase is **expected to be accommodated within designated industrial sites**. In absolute terms, jobs in these sectors are expected to increase from 14,577 jobs in 2021 to 16,452 jobs in 2038.

Maximum industrial demand scenario **+2,718 jobs in E(g)(iii), B2 and B8 Use Class sectors**

Of the above 4,351 jobs, 2,718 would be in the light industrial (+843 jobs), industrial (+726 jobs) and distribution-based sectors (+1,149 jobs) – **all job sectors considered appropriate on industrial sites**. In absolute terms, jobs in these sectors are expected to increase from 21,131 jobs in 2021 to 23,849 in 2038.

Medium industrial demand scenario **+2,297 jobs in E(g)(iii), B2 and B8 Use Class sectors**

The most realistic jobs growth scenario on industrial sites will be to accommodate a proportion of light industrial jobs alongside industrial and distribution-based sectors as some of these will also be appropriately located within town centres and other well connected areas. Therefore, 50% of light industrial (+422 jobs) sectors is added to the jobs growth from industrial and distribution-based sectors, with a total gain of 2,297 jobs to 2038. In absolute terms, jobs in these sectors are expected to increase from 17,854 jobs in 2021 to 20,151 in 2038.

Calculating industrial floor space requirements from jobs growth scenarios

As set out in paragraphs 3.18 and 3.19 of **SD9 Bexley Employment Land Review**, the forecast growth in jobs considered appropriate on industrial sites has created demand for industrial floor space, which has been converted to future employment space requirements by applying GEA job density assumptions and adding an allowance of 8% to all positive floor space requirements to reflect a normal level of market vacancy in employment space. This approach is consistent with London Plan evidence.

Table 4 of **SD10 ELR Technical Briefing Paper** provides revised employment floor space requirements calculated from the additional jobs growth over the plan period to 2038. This is the floor space requirement for all E(g)(i)/(ii)/(iii), B2 and B8 Use Class sectors associated with the 4,351 additional jobs forecast for **office, industrial and distribution uses**.

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|--|------------------------------|
| • Total floor space for office, industrial and distribution jobs | +219,020m² |
| • Minus the total floor space for office jobs (E(g)(i)/(ii)) | -23,660m² |
| • Total maximum floor space for industrial and distribution jobs | =195,360m² |

Along with the maximum floor space requirements from all industrial jobs growth, the minimum and medium scenarios have been calculated. All scenarios are set out below.

Minimum employment floor space requirement +147,210m²

Industrial floor space requirement (B2 and B8 Class uses) set out in Table 4, SD10 associated with 1,875 additional forecast jobs for **general industrial and distribution uses** across the plan period.

Maximum employment floor space requirement +195,360m²

Floor space requirement (E(g)(iii), B2 and B8 Class uses) set out in Table 4, SD10 associated with 2,718 additional forecast jobs for **light industrial, general industrial and distribution uses** across the plan period, with the assumption that 100% of light industrial jobs growth is delivered on designated industrial land, with none coming forward in town centres and other sustainable locations.

Medium employment floor space requirement +171,285m²

Industrial floor space requirement (E(g)(iii), B2 and B8 Class uses) set out in Table 4, SD10 associated with 2,297 additional forecast jobs for **light industrial, general industrial and distribution uses** across the plan period, with 50% of light industrial job sectors included on industrial land, and 50% coming forward in town centres and other sustainable locations.

In addition to the employment floor space requirement arising from the forecast jobs growth over the plan period, the proposed release of designated industrial sites to other land uses, as part of the industrial land strategy set out in the local plan, includes a requirement to ensure that there is no net loss of employment floor space on designated industrial land. Therefore, **a further 19,633m² of employment floor space will need to be provided** to compensate for the loss of existing employment floor space. This additional requirement is applied to all three scenarios and is reflected in Table 2 at the end of this Note, but not in the below figures, for consistency with the published evidence.

Employment floor space capacity calculations

The Industrial land intensification study (ILIS) (SD12) identified 45 specific, viable sites within designated industrial locations. However, the local plan has identified one of these sites for release as a site allocation for residential development (BEL05). Subsequent to this, post submission of the plan, there is the possibility that a further intensification site will be added to a site allocation (a car park adjacent to CRA01). This means that the employment land floor space supply analysis has been limited to the remaining 43 specific sites that have been assessed as being viable for industrial intensification in the ILIS and which form the basis for meeting the forecast jobs growth over the plan period.

Further to this supply, there are other opportunities for employment floor space supply arising from the remainder of the designated industrial land within the plan period as the policies in the plan would not prohibit this. However this would be considered as windfall supply and the plan does not rely upon it to meet the forecast jobs growth.

Local plan evidence – previous draft London Plan constrained scenario

The figures below are from the **Industrial land intensification study (SD12)** and represent the capacity of the specific, viable intensification sites **once a baseline floor to area (FAR) capacity of 65%** has been applied, as requested by GLA officers in the London Plan team at the time the evidence base was being prepared. This *had* been a London Plan requirement, but was removed by the Secretary of State. This creates an artificial constraint on the amount of floor space that can be used for the growth in jobs over the plan period.

Nonetheless, this constrained capacity (e.g. that a site is not considered to be intensified unless it *exceeds* 65%) has been carried through the calculations in the local plan evidence and reflects a worst case scenario. This means that the figure of **261,432m²** set out below represents a cautious approach to providing a supply of industrial floor space to meet the growth in industrial type jobs over the plan period. and even when applied, demonstrates that there is enough future capacity to meet industrial floor space requirements in all three jobs growth scenarios set out in the section above.

Viable industrial net floor space capacity **291,134m²**

(SD12, pg. 88) in relation to the intensification opportunities of 45 specific, viable industrial sites assessed for development across the plan period

Minus potential industrial capacity **-29,700m²**

The Belvedere Gasholder site was originally considered as an industrial intensification site, but is proposed for release as a site allocation (BEL05) in the local plan (SD12, pg. 88) and therefore reduces the number of intensification opportunities to 44 specific, viable industrial sites

Total viable employment floor space capacity **261,432m²**

from the intensification of specific, viable industrial sites (note: figures do not sum due to rounding)

Testing jobs growth and intensification scenarios to demonstrate future supply capacity

The previous draft London Plan constraint which assumed that the first 65% capacity of an industrial site was not *additional* capacity has been removed, in order to test the realistic capacity from the 43 specific, viable sites to provide for the forecast jobs growth for industrial type jobs set out in the local plan.

These sites have been tested using the floor area ratio (FAR) from the ILIS – the intensification strategy – and also tested using a 54.9% FAR, based on developments within the last 10 years (see the Savills report appended to the Aitch Group response to Matter 2). Both these approaches to site intensification lead to a surplus of capacity of industrial floor space, in some cases significantly more than what is required by the forecast jobs growth *and* the replacement floor space for sites that are being released in the plan for other uses.

And finally, to set a baseline, the existing average 37% FAR of industrial sites has been used to calculate the supply capacity of the 43 sites. This demonstrates that some intensification of the sites will be necessary, supporting the policy approach in SP3 Part 2.a) and b), and DP7 Part 4.

Local Plan jobs growth, forecast industrial floor space requirements and future supply of industrial floor space capacity

GROWTH: Existing and future jobs overall and within industrial job sectors						
Number of industrial type jobs at 2021 and amount of jobs growth over the plan period			2021	2038	2038	2038
Scenario testing - amounts of jobs from industrial sectors to be located on industrial sites		job sectors within	baseline	minimum	maximum	medium
(Calculated from SD10 Table 3)		Light industrial (E(g)(iii))	6,554	0	843	422
existing jobs in the borough at 2021		Industrial (B2)	5,649	726	726	726
net new jobs in Bexley over the plan period		Distribution (B8)	8,928	1,149	1,149	1,149
total number of jobs across all sectors in Bexley by 2038		totals	21,131	1,875	2,718	2,297

Table 1: Forecast jobs growth

DEMAND: Industrial floor space baseline and additional floor space required to accommodate industrial jobs growth							
Employment floor space requirements (sqm) for industrial type jobs (2021 and 2038)			2021	2038	2038	2038	
Scenario testing - amounts of floor space requirements from jobs located on industrial sites		GEA per job (sqm)	job sectors within	baseline	minimum	maximum	medium
Calculated from SD10 Table 4 (figures in square metres)		57	Light industrial (E(g)(iii))	373,578	0	48,150	24,075
Floor space per job (ELR) (SD9) (Paras 3.18 and 3.19)		57	Industrial (B2)	321,993	41,730	41,730	41,730
		92	Distribution (B8)	821,376	105,480	105,480	105,480
Net industrial floor space requirement for industrial [E(g)(iii)/B2/B8] jobs growth over the plan period			totals	1,516,947	147,210	195,360	171,285
Net floor space requirement from sites identified for release (BEL06 and BEL07) (principle of no net loss of existing industrial floor space)					19,633	19,633	19,633
				total requirement	166,843	214,993	190,918
				percentage increase in floor space over current baseline	11%	14%	13%

Table 2: Floor space requirements from jobs growth

SUPPLY: Future capacity of industrial floor space					
Applying the Local plan industrial land strategy - supplying capacity to meet demand through the intensification of specific, viable sites			minimum	maximum	medium
Supply from the development of 9 specific, viable cleared, vacant sites			204,598	204,598	204,598
Supply from the redevelopment of 34 specific, viable sites			350,335	350,335	350,335
total supply			554,933	554,933	554,933
Percentage of supply required to meet forecast demand			30%	39%	34%
Overall supply capacity above 65% (GLA test for draft London Plan)			258,325	258,325	258,325
Percentage of supply required to meet forecast demand, reduced by 65% (GLA test for draft London Plan)			65%	83%	74%
Applying Savills research - supplying capacity to meet demand using the market development average FAR of 54.9% to specific, viable sites					
Supply from the development of 9 specific, viable cleared, vacant sites			144,242	144,242	144,242
Supply from the redevelopment of 34 specific, viable sites			143,344	143,344	143,344
total supply			287,586	287,586	287,586
Percentage of supply required to meet forecast demand			58%	75%	66%
Applying Bexley's existing density - supplying capacity to meet demand using current borough industrial sites FAR of 37% to specific, viable sites					
Supply from the development of 9 specific, viable cleared, vacant sites			98,364	98,364	98,364
Supply from the redevelopment of 34 specific, viable sites			58,809	58,809	58,809
total supply			157,174	157,174	157,174
Percentage of supply required to meet forecast demand			106%	137%	121%

Table 3: Floor space capacity